

National Aeronautics and Space Administration

Headquarters

Washington, DC 20546-0001



December 21, 2011

Reply to Attn of:

Office of the Chief Financial Officer

TO: NASA Officials in Charge
NASA Center Chief Financial Officers

FROM: Chief Financial Officer

SUBJECT: NASA OCFO Decision Memorandum 12-02: Funding for Research and Development (R&D) and Technology Development Contracts

Over the past year and a half, an agency-wide team has reviewed National Aeronautics and Space Administration (NASA's) incremental funding practices. After careful consideration and review, and with concurrence of the Offices of the General Counsel (OGC) and Procurement (OP), we have developed the following guidance concerning incremental funding for R&D and technology development contracts:

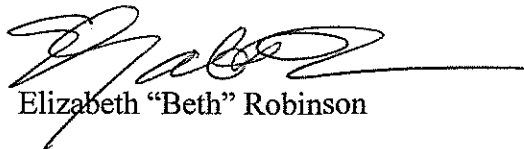
- R&D and technology development requirements and their contracts may continue to be either fully or incrementally funded if a review by OGC, OP, and OCFO at an Acquisition Strategy Meeting or Procurement Strategy Meeting affirms that the planned contract/task order(s) are for R&D or technology development activities.¹ For requirements determined at a level below that presented at an ASM or PSM, Center OGC, OP, and OCFO must conduct the review as early in the acquisition cycle as practicable. Furthermore, the period of performance for a contract for R&D or technology development activities, or delivery date for R&D hardware items, may extend beyond the period of funding availability², as long as the contract language discussed below are inserted into the contract.

¹ The Office of Management and Budget defines R&D as including basic research, applied research, development, R&D equipment, and R&D facilities. *President's Budget of the United States, Fiscal Year 2012, Analytical Perspectives, 22. Research and Development*: "R&D is the collection of efforts directed toward gaining greater knowledge or understanding and applying knowledge toward the production of useful materials, devices, and methods. R&D investments can be characterized as basic research, applied research, development, R&D equipment, or R&D facilities." Technology development, or high technology projects, are highly dependent on R&D and uncertain in outcome. See GAO 01-432R.

² "There is no bar in Part 35 of the FAR against R&D contracts extending beyond 5 years. Nor are we aware of any FAR provision limiting an R&D contract such as this to a duration of 5 years, and GAO has acknowledged that R&D programs "must be continued over many years if they are to produce the end product." Report by the Comptroller General, Multiyear Authorizations for Research and Development, PAD-81-61, B-202294 (June 1981).

- Every requirement, activity, program or project that NASA executes by contract is not R&D or technology development activity. Moreover, some requirements in support of R&D and technology development programs have minimal or no R&D or technology development content. Therefore, non-R&D and non-technology development requirements/programs/projects/activities must undergo a severability determination process. It is important to review requirements with Center or Headquarters OGC, OCFO, and OP to make severability or other funding determinations as early in the acquisition process as practicable to ensure the bona fide need requirement is met.
- Effective immediately, ASMs will include a review of the Mission Directorate's requirements portfolio and make a determination as to whether or not the requirements, including any anticipated options, meet the requirements of this memo. Additionally, PSMs will include a review of the planned contract requirements, including any anticipated options, to make a determination as to whether or not these meet the requirements of this memo.

In addition, in the future, NASA's relevant contract clauses will be enhanced to make clear that the Government's obligation is strictly limited to the amount of funding obligated on the contract within the period of availability, and that no additional work may be performed on behalf of the Government unless and until the contract is modified to authorize further funding. OGC, OCFO, and OP are developing appropriate contract language and guidance to ensure the Government's obligation is correctly stated in R&D and technology development contracts.



Elizabeth "Beth" Robinson

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